

# House File 831 - Enrolled

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HOUSE FILE 831

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1 4 AN ACT  
1 5 RELATING TO TAX CREDITS FOR EQUITY INVESTMENTS IN QUALIFYING  
1 6 BUSINESSES OR COMMUNITY=BASED SEED CAPITAL FUNDS.  
1 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
1 8  
1 9 Section 1. Section 15E.43, subsection 4, Code 2005, is  
1 10 amended to read as follows:  
1 11 4. The aggregate amount of tax credits issued pursuant to  
1 12 this division shall not exceed a total of ten million dollars.  
1 13 The total amount of tax credits issued during the fiscal year  
1 14 beginning July 1, 2002, shall not exceed three million  
1 15 dollars. The total amount of tax credits issued during the  
1 16 fiscal year beginning July 1, 2003, shall not exceed three  
1 17 million dollars. The total amount of tax credits issued  
1 18 during the fiscal year beginning July 1, 2004, shall not  
1 19 exceed four million dollars. Any amount of the maximum  
1 20 aggregate limit of tax credits that have not been issued by  
1 21 June 30, 2005, may be issued in any subsequent fiscal year.  
1 22 Not more than three million dollars of tax credits may be  
1 23 issued in any one subsequent fiscal year.  
1 24 Sec. 2. Section 15E.44, subsection 2, paragraphs b and e,  
1 25 Code 2005, are amended to read as follows:  
1 26 b. The business has been in operation for ~~three~~ six years  
1 27 or less.  
1 28 e. The business shall not have a net worth that exceeds  
1 29 ~~three ten~~ million dollars.  
1 30 Sec. 3. Section 15E.45, subsection 2, paragraph b, Code  
1 31 2005, is amended to read as follows:  
1 32 b. The fund has, on or after January 1, 2002, a total of  
1 33 both capital commitments from investors and investments in  
1 34 qualifying businesses of at least one hundred twenty-five  
1 35 thousand dollars, but not more than three million dollars.  
2 1 However, if a fund is either a rural business investment  
2 2 company under the rural business investment program of the  
2 3 federal Farm Security and Rural Investment Act of 2002, Pub.  
2 4 L. No. 107=171, or an Iowa-based seed capital fund with at  
2 5 least forty percent of its committed capital subscribed by  
2 6 community-based seed capital funds, the fund may qualify  
2 7 notwithstanding having capital in excess of the limits set  
2 8 forth in this paragraph as long as the fund otherwise meets  
2 9 the requirements of this subsection.  
2 10 Sec. 4. Section 15E.45, subsections 6, 7, and 8, Code  
2 11 2005, are amended to read as follows:  
2 12 6. In the event that a community-based seed capital fund  
2 13 fails to meet or maintain any requirement set forth in this  
2 14 section, or in the event that at least thirty=three percent of  
2 15 the invested capital of the community-based seed capital fund  
2 16 has not been invested at least thirty=three percent of its  
2 17 invested capital in one or more separate qualifying  
2 18 businesses, measured at the end of the ~~thirty=six~~ forty=  
2 19 eighth month after commencing the fund's investing activities,  
2 20 the board shall rescind any tax credit certificates issued to  
2 21 limited partners or members and shall notify the department of  
2 22 revenue that it has done so, and the tax credit certificates  
2 23 shall be null and void. However, a community-based seed  
2 24 capital fund may apply to the board for a one-year waiver of  
2 25 the requirements of this subsection.  
2 26 7. An investor in a community-based seed capital fund  
2 27 shall receive a tax credit pursuant to this division only for  
2 28 the investor's investment in the community-based seed capital  
2 29 fund and shall not receive any additional tax credit for the  
2 30 investor's share of investments ~~in a qualifying business~~ made  
2 31 by the community-based seed capital fund in a qualifying  
2 32 business or in an Iowa-based seed capital fund with at least  
2 33 forty percent of its committed capital subscribed by  
2 34 community-based seed capital funds. However, an investor in a  
2 35 community-based seed capital fund may receive a tax credit  
3 1 under this division with respect to a separate direct  
3 2 investment made by the investor in the same qualifying  
3 3 business in which the community-based seed capital fund  
3 4 invests.  
3 5 8. A community-based seed capital fund shall not invest in

3 6 the Iowa fund of funds, if organized pursuant to section  
3 7 15E.65, but may invest up to sixty percent of its committed  
3 8 capital in an Iowa-based seed capital fund with at least forty  
3 9 percent of its committed capital subscribed by community=  
3 10 based seed capital funds.

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CHRISTOPHER C. RANTS

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Speaker of the House

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JOHN P. KIBBIE

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President of the Senate

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3 22 I hereby certify that this bill originated in the House and  
3 23 is known as House File 831, Eighty-first General Assembly.

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MARGARET THOMSON

3 28

Chief Clerk of the House

3 29 Approved \_\_\_\_\_, 2005

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3 33 THOMAS J. VILSACK

3 34 Governor